

## Form 3

### Higher Education Coordinating Board EXTENSION OF AN EXISTING PROGRAM NOTICE OF INTENT (LOCATION NOI)

#### Program Information

Program Name: Master of Accounting

Institution Name: Washington State University

Degree Granting Unit: College of Business

Degree Level: Master Type: Accounting

Major: N/A CIP Code: 52.0301

Proposed Start Date: Fall 2009

Funding Source: At full enrollment of 30 FTE the total cost of the program will be \$10,372 per FTE. All of the costs are expected to be available through internal reallocation.

#### Size of Program

Students	Year 1	Year 2	Year 3	Year 5
Headcount	40	60	90	120
FTE **	10.5	15	22.5	30

#### Mode of Delivery / Locations

The program will be delivered on-site, face-to-face, at WSU Vancouver. The mix of full-time and part-time students is expected to reflect the current mix at that campus. Both full and part-time enrollment options will be available.

#### Contact Information (Academic Department Representative)

Name: Jane Cote  
Title: Associate Professor and Academic Director  
Address: WWSUV, Vancouver, WA  
Telephone: 360-546-9756  
Email: [janecote@vancouver.wsu.edu](mailto:janecote@vancouver.wsu.edu)

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\_\_\_\_\_ January 16, 2009

**Substantive Statement of Need**

This program utilizes our existing WSU Vancouver MBA and undergraduate accounting programs and it requires no new physical or technological resources to begin. The undergraduate accounting program at Washington State University Vancouver has seen the number of majors increase to over 100 students in the 14 years since its inception. The demand for accountants who are CPA-qualified continues to increase (American Institute of Certified Public Accountants, *2008 Trends in the Supply of Accounting Graduates and the Demand for Public Accounting Recruits*). As of July 1, 2000, in Washington State the educational requirements for all students entering the public accounting profession increased to 150 semester credit hours or 30 hours beyond an undergraduate degree. Currently, there is no requirement as to the composition of the additional 30 hours; however, those students who present evidence of increased expertise in this field of study are in high demand.

A Master of Accounting degree provides the additional necessary 30 credits with critical, substantive content while also giving our students an edge in the competitive marketplace for accounting professionals. The larger public accounting firms in the Portland-Vancouver metropolitan area are now giving preference to candidates who have a Master of Accounting, especially programs with an emphasis in taxation. Representatives from the Internal Revenue Service, the Washington State Department of Revenue, the Washington State Auditor's Office and all of the 14 public accounting firms surveyed responded yes to the question of whether they would support their employees getting this degree. The Internal Revenue Service, the Washington State Department of Revenue, the Washington State Auditor's Office and 12 of the 14 public accounting firms responded yes to the survey question of whether this degree would make a Washington State University Vancouver graduate a more desirable job candidate.

With the exception of online programs, there are no alternative accounting graduate programs in the Portland-Vancouver metropolitan area. Portland State University has a Master of Science in Financial Analysis, with an enrollment of 59 students, which combines Finance and Accounting; however it does not capture the critical taxation emphasis of a Master of Accounting. Thus, introduction of the Master of Accounting will fulfill two strategic goals: to educate our students so they

can compete in the career marketplace and respond to the needs of our community partners.

### ***Demand – Hiring***

- Hires reported by CPA firms for 2007 were up 83% from the last survey covering the 2003-04 academic year, which is not surprising given the visibility and growth in the profession, along with the requirements of Sarbanes-Oxley legislation.
- The largest firms hire Master's degree holders as a greater percentage of their total hires (35%) than other firms, but that percentage is increasing for most other firms, as well.

### ***Supply – Graduates***

The supply of accounting graduates is not growing at the same pace as the demand:

- Total graduates in 2006-07 in Bachelor's and Master's degree programs are up 19% since the 2003-04 survey.
- The AICPA report documents that in the Pacific Northwest region, 45% of the accounting majors with Bachelor degrees join CPA firms, while in this region 81% earning a Master degree enter public accounting (i.e., CPA firms). Many others join government (i.e., IRS, Department of Revenue, State Auditor Office) private (i.e., corporations), and non-profit organizations.
- Between 2004 and 2007, Master's degrees increased 18% at accounting and business accredited programs.
- Of the Master's degrees awarded, 75% are Master's in Accounting, 16% are Master's in Taxation, and 9% are MBAs with an accounting concentration, a share that continues to decline.
- The AICPA reports that the smallest share of accounting degrees in the nation comes from the Pacific Northwest region.

Our potential students come from existing undergraduate accounting programs in our region:

<b>School</b>	<b># of Undergraduate Accounting Students</b>
Portland State University	390
University of Portland	41
University of Oregon	186
Oregon State University	380
Linfield College	38
George Fox	75
WSU Vancouver	100
<b>Total Market Size</b>	<b>1,210</b>

In addition, as Washington State University Pullman's Master of Accounting emphasizes auditing and accounting, this program will

also be attractive to WSU Pullman baccalaureate accounting graduates who wish to pursue an emphasis in taxation and financial reporting (approximately half of Pullman accounting students pursue public accounting).

Given this base of baccalaureate degree production just within 100 miles, UW, UO, and PSU master's programs, among them, are serving only 15% of the most readily available market for this degree.

#### ***Impact of entry by WSU Vancouver into Master of Accounting***

Initial demand for the Washington State University Master of Accounting program will come primarily from 1) the existing Washington State University accounting undergraduate student body and 2) Washington State University Vancouver alumni of the accounting program, as well as graduates of other accounting programs in the Portland-Vancouver Metropolitan area. A survey of our Vancouver undergraduate accounting population (February 2008) indicated that approximately 30 students would be interested in enrolling in the Washington State University Master of Accounting program in the next year if offered. A survey of accounting firms, industry and governmental entities at our annual Meet-the-Firm event (September 2008) indicated that another 15 individuals (alumni of Washington State University Vancouver as well as graduates from other programs) would be interested in enrolling. We conservatively assume that we will reach this headcount level of 45 students no later than year 3 of the program. Growth rate should remain high as there is considerable untapped, ongoing demand as noted above.

#### **Program**

This program will extend the existing MAcc from the Pullman campus to Vancouver. Students may choose electives from the existing MBA program curriculum, an internship at a CPA firm, and/or existing 400-level accounting electives. There are sufficient courses currently offered at WSU Vancouver, and we have the capacity to accommodate the predicted enrollment in the Master of Accounting program.